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NEWS RELEASE

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PSC Accepts Settlement in Big Sandy RECC Rate Case *Utility receives requested revenue increase; rate structure changed*

FRANKFORT, Ky. (Nov. 2, 2012) – The Kentucky Public Service Commission (PSC) has accepted a proposed settlement in a rate adjustment case filed by Big Sandy Rural Electric Cooperative Corp. (Big Sandy RECC).

Under the agreement Big Sandy RECC reached with the Kentucky Office of Attorney General, the utility will receive its requested 3.7 percent increase in annual revenue. Its annual revenue will increase by about \$911,000, to about \$25.3 million.

But the settlement changes the manner in which the additional revenue will be generated. Less will come through the flat monthly customer charge and more from usage-based energy charges.

The PSC approved the settlement in an order issued Wednesday and allowed the new rates to take effect from the first of this month.

Big Sandy RECC had proposed to increase the monthly fee for residential customers in three annual steps, from the current \$10.38 to \$12.87 this year, \$15.50 next year and \$18 in 2014. The settlement allows an immediate increase to \$12.69 and a further increase in a year to \$15 per month.

The settlement calls for the residential customer charge per kilowatt-hour (a kilowatt-hour is the amount of electricity used by a 100-watt light bulb in 10 hours) to increase from 8.886 cents to 9.083 cents initially. When the monthly charge rises to \$15, the charge per kilowatt-hour will decrease to 8.9 cents.

For a customer using 1,000 kilowatt-hours per month, the total monthly bill initially will increase by \$4.28, with another 48-cent-per-month increase in a year, bringing the total monthly increase to \$4.76.

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Big Sandy RECC serves about 13,200 customers in Breathitt, Floyd, Johnson, Knott, Lawrence, Magoffin, Martin and Morgan counties. It is one of 16 rural electric distribution cooperatives that own and purchase electricity from East Kentucky Power Cooperative, Inc.

The settlement agreement commits Big Sandy RECC to continuing existing demand-side management (DSM) and energy efficiency programs and to expanding those programs in the future.

In its order, the PSC said it “is encouraged by the commitments Big Sandy has made in this case,” adding that it is “appropriate to encourage Big Sandy and all other electric energy providers to make a greater effort to offer cost-effective DSM and other energy efficiency programs.”

Big Sandy RECC filed its application for a rate adjustment on April 19, 2012, saying it needed additional revenue to maintain its financial integrity and comply with its loan agreements. Big Sandy RECC’s last rate increase was in April 2009.

The Kentucky Office of Attorney General was the only other party to the case. The settlement agreement was filed on Sept. 17 and was the subject of a PSC hearing on Oct. 4.

The PSC’s order, other documents in the case and a video of the hearing are available on the PSC website, psc.ky.gov. The case number is 2012-00030.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 90 employees.